IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

GALLEON S.A., BACARDI-MARTINI U.S.A., INC., and BACARDI & COMPANY LIMITED, Petitioners, -against- HAVANA CLUB HOLDING, S.A., dba HCH, S.A., and EMPRESA CUBANA EXPORTADORA DE ALIMENTOS Y PRODUCTOS VARIOS, S.A., dba CUBAEXPORT, Respondents.	Cancellation No. 24,108

PETITIONERS' BRIEF IN REPLY TO RESPONDENTS CUBAEXPORT'S AND HAVANA CLUB HOLDING, S.A.'S BRIEFS IN OPPOSITION TO PETITIONERS' MOTION FOR SUMMARY JUDGMENT

Pursuant to the Board's Order dated April 15, 2003, Petitioners Bacardi & Company Ltd., formerly Galleon, S.A., and Bacardi U.S.A., Inc., formerly Bacardi-Martini U.S.A., Inc., (collectively hereinafter: "Bacardi") respectfully submit their brief in reply to Respondents Empresa Cubana Exportadora de Alimentos y Productos Varios, S.A.'s ("Cubaexport") and Havana Club Holding, S.A.'s ("HCH") briefs in opposition to Bacardi's combined Motion to Resume Proceedings, to Substitute Parties and for Summary Judgment filed on March 15, 2002.[1]

[1] This brief responds to the arguments raised in both Cubaexport's and HCH's responses, which are identical. For the record, however, it should be noted that Cubaexport is the only party with a stake in this proceeding. HCH has no standing to assert any rights in U.S. Registration No. 1,031,651 of the mark HAVANA CLUB for rum (the "HAVANA CLUB Registration"). *See Havana Club Holding, S.A. v. Galleon, S.A.*, 203 F.3d 116 (2d

I. INTRODUCTION

Throughout its responsive brief, Cubaexport paints itself as a wronged party seeking nothing more than fairness and equity in a proceeding that has, since its inception, been tainted with Cubaexport's own unclean hands. Ostensibly, to "first address the fundamental issue of the fairness of this proceeding," *See* Cubaexport Br. at p. 2, Cubaexport requests that the Board hear its own motion under the Government in the Sunshine Act ("Sunshine Act"), which is a regurgitation, almost word for word, of the prior motion of HCH under the same statute that was heard and denied by the Board. The irony of Cubaexport, an arm of the Cuban government, one of the most repressive, closed regimes in the world, seconding an already denied, meritless motion under the Sunshine Act falsely excoriating officials of the U.S. Patent and Trademark Office ("PTO") and the President is apparently lost on Cubaexport. But at this point, Cubaexport is willing to stoop to any level to delay reaching the merits. Cubaexport cites no authority supporting its efforts to jump in front of Bacardi's much earlier motion for summary judgment. This latest attempt at delay by Cubaexport should be ignored and the Board should proceed to decide Bacardi's motion.

II. COUNTERSTATEMENT OF THE FACTS

Cubaexport has no rights to the HAVANA CLUB Registration, because that registration lapsed years ago. Cubaexport, the record owner prior to its expiration, *never* filed the mandatory Section 9 Renewal affidavit. HCH, pursuant to the unlawful scheme embarked upon with Cubaexport to violate the Cuban Asset Control Regulations, 31 C.F.R. § 515.101, *et seq.*, ("CACR") administered by the Office of Foreign Assets Control ("OFAC") of the U.S.

Cir. 2000); *see also Havana Club Holding, S.A. v. Jimmy Buffett*, 2003 TTAB LEXIS 129 (T.T.A.B. March 13, 2003) (not citable as precedent). The Board's January 21 and April 15, 2003 orders have mooted Bacardi's motion to resume proceedings and to substitute parties.

Department of the Treasury, filed an application for renewal in 1996, falsely swearing ownership of the HAVANA CLUB Registration. But the Order dated October 20, 1997 (the "Order") issued by Judge Scheindlin in *Havana Club Holding, S.A. v. Galleon, S.A.* (96 Civ. 9655 S.D.N.Y. 1997) ("Havana Club Litigation") — which is final — held that "[any rights that [HCH] may have had, may have or claims to have had in the [HAVANA CLUB Registration] from forever until today are canceled." (Order ¶ 8). The Order further stated that the attempted assignments of the HAVANA CLUB Registration "were invalid and of no force and effect and *void ab initio*" (*Id.*, ¶ 4) and that HCH never "obtained any rights in the HAVANA CLUB mark in the United States by transfer." (*Id.*, ¶ 6).[2] In this proceeding, it is conclusively established that HCH never had any claim whatsoever to equitable or legal title to the HAVANA CLUB Registration. Accordingly, HCH's renewal filing was a nullity.

Bacardi served and filed this motion on March 15, 2002. Thereafter, on March 19, 2002, Cubaexport and HCH ostensibly entered into an Agreement (the "Contingent Agreement"), purportedly allowing either Cubaexport or HCH to claim ownership of the HAVANA CLUB Registration, with the overriding aim of trying to effectuate the unlawful purpose of the original transfer. The *dicta* from the District Court cited by Respondents did not "invite" an agreement of this sort (annexed to both Cubaexport's and HCH's papers) which likely raises serious questions of its own under the CACR. Rather, the District Court merely suggested that it might be possible for HCH and Cubaexport to reorganize their joint venture to comply with the CACR. *See Havana Club Holding, S.A. v. Galleon, S.A.*, 974 F. Supp. 302, 312 (S.D.N.Y. 1997).

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[2] Furthermore, HCH is prohibited from asserting any rights in the HAVANA CLUB Registration by Section 211 of the Department of Commerce Appropriations Act 1999, as included in the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999 ("Section 211"). Pub. L. No. 105-277, § 211, 112 Stat. 2681, 2681-88.

More pertinently, the *dicta* cited by Cubaexport did not speak to Cubaexport's claim to the HAVANA CLUB Registration because Cubaexport refused to submit to the District Court's jurisdiction. Paragraph 10 of the Order states that: "Nothing herein shall prevent Cubaexport, if it so chooses, from asserting . . . rights in the trademark HAVANA CLUB rum in the United States and nothing herein shall prevent [Bacardi] . . . from contesting those rights or contending that said rights were lost as a result of acts or omissions by Cubaexport." (Order ¶ 10). Neither Cubaexport's "act" in entering into the unlawful transfer transaction with HCH nor its subsequent "omission" to file a renewal affidavit are contested. The result is that the HAVANA CLUB Registration automatically expired. The Director and the Board do not have any authority or discretion to excuse the failure to file a timely renewal and the Respondents' arguments to the contrary are not backed up by any supporting authority. Plainly, no amount of finagling between Cubaexport and HCH, including a private agreement entered into after Judge Scheindlin's Order became final (and the instant summary judgment motion was made), can vitiate that Order. Moreover, as the District Court also held that the HAVANA CLUB mark is a confiscated mark, § 211, *supra*, precludes HCH from asserting any rights therein. The Contingent Agreement is furthermore, in all likelihood, itself a violation of the CACR and is utterly irrelevant to any issue before this Board.

III. ARGUMENT

A. Bacardi's Motion Should Be Granted Because Cubaexport Failed To Renew The HAVANA CLUB Registration

In its moving brief, Bacardi argues that the HAVANA CLUB Registration should be stricken from the Principal Register of the PTO (the "Register") because Cubaexport omitted to file the requisite renewal affidavit prior to the expiration of the statutory renewal period. *See* Bacardi Br. at pp. 9-14. Accordingly, the HAVANA CLUB Registration expired of its own

accord. The rectification of the Register is mandatory, as the proposition that a registration expires automatically as a matter of law unless the appropriate renewal affidavits are timely filed by the owner is irrefutable.

Cubaexport, not able to counter the merits of this argument, throws in a red herring by mischaracterizing it as a "wrong-party renewal" argument, which Cubaexport argues is not a statutorily permissible ground for cancellation under Section 14(3) of the Lanham Act. *See* Cubaexport Br. at p. 4. This argument ignores the fact that the Lanham Act mandates that a lapsed registration be stricken automatically. 15 U.S.C. §§ 1058 and 1059; 37 C.F.R. §§ 2.181-2.184; *see In re Holland Am. Wafer Co.*, 737 F.2d 1015, 1018 (Fed. Cir. 1984). No formal cancellation proceeding is required.[3] Indeed, the PTO routinely deletes expired registrations either when called to its attention by applicants for similar marks or when the PTO, on its own accord, becomes aware of the failure to renew.[4] The PTO must, accordingly, update its records to indicate that the registration has expired once the applicable time period for renewal has passed. *See* TMEP § 716.02(e). Bacardi has a pending application for registration of the

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3 Even if a cancellation proceeding were required to be brought, appropriate grounds for cancellation under Section 14(3) include abandonment and fraud, as may be asserted here. Under Section 14, a petition to cancel a registration of a mark may be filed "at any time" if the registered mark has been "abandoned" or its registration "was obtained fraudulently." 15 U.S.C. § 1064(3).

4 PTO procedures address situations where an application for registration is initially refused on the basis of a prior registered identical or confusingly similar mark, that although on the register at the time the application is being reviewed for entitlement to registration, may nonetheless not have been renewed. It is PTO policy to forestall a final determination as to the pending application until such time as it has been definitively determined whether the prior registered mark has in fact been renewed. Where it has not, the records of the PTO will be updated to remove the cited, expired registration, at which time the refusal to register the pending application will be withdrawn and if all other issues have been resolved, the application will proceed to registration. *See* TMEP § 716.02(e).

HAVANA CLUB mark[5] and the non-renewal by Cubaexport is clear, so under established PTO practice, that lapsed registration has to be removed from the Register.

Only Cubaexport, the putative record owner of the HAVANA CLUB Registration in 1996, lawfully had the power to file the renewal affidavit. *See In re Caldon Co. Ltd. Partnership*, 37 U.S.P.Q.2d 1539 (Comm'r Pats. 1996). Cubaexport did not do so and there is no discretion to ignore this omission. *Id.; see also In re Culligan Int'l Co.*, 915 F.2d 680, 682 (Fed. Cir. 1990); *In re Holland Am. Wafer.*, 737 F.2d at 1018. Indeed, Cubaexport has never at any time even attempted to renew that registration. Therefore, the HAVANA CLUB Registration to use the Cubaexport mark is nothing more than "dead wood" and the PTO must rectify the register to expunge that registration.[6]

Cubaexport deliberately distorts the record in its claim that, "Here there is no 'dead wood' problem because HCH and/or Cubaexport has used the [HAVANA CLUB] mark worldwide, and intends to use the mark to identify Cuban rum in the United States when the United States embargo is lifted." *See* Cubaexport Br. at pp. 11-12. This is a bootstrap argument: Cubaexport assumes that it owns the HAVANA CLUB Registration in the U.S. — its only claim to the HAVANA CLUB mark — but that is for the Board to decide. And on the law, which Cubaexport cannot contravene, that registration lapsed long ago. Lacking ownership, Cubaexport's subjective intent to use the HAVANA CLUB mark is irrelevant, as is its claim of use outside the United States. Trademark law is territorial, and foreign use is irrelevant to this proceeding. *See Vanity Fair Mills, Inc. v. T. Eaton Co.*, 234 F.2d 633 (2d Cir. 1956), *cert.*

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5 Serial No. 74/572,667.

6 As a result of abortive transfers of the HAVANA CLUB Registration, no registration existed in the first place that could have been renewed. Assuming, *arguendo*, that a non-existent registration had existed, abandonment is a statutorily permissible basis for cancellation under Section 14(3) of the Lanham Act. *See* 15 U.S.C. § 1064(3).

denied, 352 U.S. 871 (1956). Whatever HCH may or may not have done is also irrelevant since HCH has been conclusively found to never have had any ownership rights in the mark at issue.

In a renewal application filed in 1996, it was required that there be an averment under oath that the registered mark is in current use by the owner for the goods covered by the registration or a sworn representation as to the reasons for the mark's nonuse. 15 U.S.C. § 1059(a); 37 C.F.R. § 2.183. Cuban companies were allowed under the excusable non-use doctrine to swear they are ready and willing to use the registered mark in the United States, but could not do so because of the embargo. As the record in the related Havana Club Litigation establishes, Cubaexport could not truthfully have filed in 1996 a verified declaration showing excusable nonuse, since Cubaexport had contractually bargained away the right to sell HAVANA CLUB rum everywhere in the world and had transferred all of its assets to Havana Rum & Liquors, S.A. ("HRL") and then to HCH. Cubaexport, after Bacardi in this proceeding had learned of the transfer, then filed a false application with OFAC to try to retroactively legitimize the unlawful assignment Cubaexport had already made of the HAVANA CLUB Registration to HCH. Accordingly, Cubaexport could not, in 1996, meet the standard for making a truthful declaration of excusable nonuse. Indeed, Cubaexport could not do so now, for HRL and HCH retain the assets and rights relating to the HAVANA CLUB rum business except for the claim to the HAVANA CLUB Registration.

In short, the HAVANA CLUB Registration has lapsed. Cubaexport did not file a renewal application. And, although the registration is, in any event, gone, the facts show Cubaexport never could have filed a truthful Section 9 affidavit.

Cubaexport's failure to renew the HAVANA CLUB Registration amounted to an abandonment of that registration.

B. The Renewal Papers Were Neither Timely Nor Proper

Cubaexport speciously argues that because HCH's application for renewal of the HAVANA CLUB Registration was accepted by the PTO, the renewal papers filed were both timely and proper. The final decision of the federal court, which binds the Board and HCH, establishes that HCH had no interest of any kind whatsoever — legal or equitable — in the HAVANA CLUB Registration at the time the renewal papers were filed by HCH.

In 1996, the Lanham Act required, without any exception, that to prevent the expiration of a registration and to secure renewal thereof under Section 9(a)[7], the true owner of the registration must have made an application to the PTO which must have included the owner's averments attesting, *inter alia*, that it is the owner of the mark at issue and that the mark is in use in commerce for the goods set forth in the application or stating the basis for excusable non-use. A complete application must have been "submitted within a specific statutory time period. Timeliness set by statute is not a minor technical defect which can be waived by the Commissioner." *In re Holland Am. Wafer Co.*, 737 F.2d at 1018, (citing *In re Precious Diamonds, Inc.*, 635 F.2d 845 (C.C.P.A. 1980)); *see* 15 U.S.C. § 1059(a); 37 C.F.R. §§ 2.182-2.185. HCH was not that true owner. The fact that the PTO was duped (as OFAC was originally also duped) by recordal of a void assignment into accepting the renewal application is of no merit. The Contingent Agreement, even if it were enforceable, does not make it otherwise. Accordingly, the PTO must now rectify the Register by removing the HAVANA CLUB Registration in the name of Cubaexport.

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[7] Section 9, like section 8, "is concerned with extending the term of the registration upon a showing of use" at the time the filing is made. *In re Holland Am. Wafer*, 737 F.2d at 1018, n. 4. However, "Section 9 is more stringent than Section 8 in that it *requires* ... more particularized averments with respect to use." *Id.*

It is clear that even though a registration appeared to comply with the statutory requirements at the time of issuance, it will be cancelled if it is later disclosed that the application actually did not comply with all statutory requirements and was obtained in reliance upon material misstatements. This is illustrated in *Smith v. Coahoma Chem. Co.*, 264 F.2d 916 (C.C.P.A. 1959), decided under the Lanham Act, wherein the Court of Customs and Patent Appeals affirmed the decision of the Commissioner cancelling two trademark registrations for the mark BLACK PANTHER and design on the basis that "the registrations issued to a person who did not own the mark." *Coahoma Chem. Co., Inc. v. Smith*, 113 U.S.P.Q. 413, 414 (Comm'r Pats. 1957). The court affirmed the Commissioner's upholding of the determinations by the Examiner of Interferences that the marks at issue had never been used in his own right by the registrant of record, who was a shareholder and officer of the corporation, but rather had been used by the company, which was a separate legal entity. Accordingly, although the applications for registration appeared on their face to have been in order at the time they were deemed entitled to registration, it was subsequently determined that the registrant could not truthfully have made all the requisite averments as to ownership and that the true nature of ownership was concealed from the PTO until the commencement of the cancellation proceeding. The Commissioner held:

> [H]ad the true facts been disclosed, the registration would not have issued . . . . The registration was, therefore, void ab initio.
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> Registrations which are void ab initio should be canceled without regard to the rights of the parties to the cancellation proceedings; but where, as here, damage to petitioner is presumed, cancellation of the registrations will be ordered.

Id. at 420.

The court further concurred with the Commissioner's determination that any rights the registrant of record may have acquired through an assignment had been abandoned since, *inter alia*, the registrant had "acquiesced in their use by the companies with which he was associated. . . .[since] a failure to use [a mark], or to evince any intention of doing so for a period of more than three years after such a purchase is sufficient to establish abandonment of the mark." *Coahoma Chem. Co.*, 264 F.2d at 919. The court found to be "without merit" the registrant's contention that use of the BLACK PANTHER mark by the companies in which the registrant held stock and of which he was an officer inured to his benefit since the record showed that he was not, in his own right, "engaged in any business in connection with which the mark was used." *Id.* Notably, registrant's belated attempt, after the commencement of the cancellation proceeding, to cure the evident defects *nunc pro tunc* by entering into an assignment of rights in the mark at issue from registrant to the appropriate corporate entity was rejected by the Commissioner and the court: "such assignment does not affect the issues here involved, since, if the registrations were invalid when they were assigned, they obviously could not be validated by the assignments." *Id.* at 917.

As *Smith* clearly illustrates, if averments as to ownership or any other statutory requirement made in an application for registration are shown after issuance to not have been true, then no amount of revisionism or belated attempts to cure will be sufficient to preserve the registration at issue and it will be cancelled.

C. HCH Owned No Beneficial Or Equitable Interest In The HAVANA CLUB Registration

Cubaexport's assertions that HCH had equitable title in the HAVANA CLUB Registration, was authorized to act on behalf of Cubaexport in seeking to maintain that

Registration, and was the beneficial owner thereof are all meritless.[8] This is merely an argument concocted in hindsight because Cubaexport, with its unclean hands tied behind its back, has no meritorious explanation for why it failed to file a timely renewal of the HAVANA CLUB Registration. More pertinently, the claim of equitable title is barred by the Order issued in the Havana Club Litigation and by Section 211. Section 211, which limits the registration and renewal of, and the assertion of trademark rights in, marks that were used in connection with property confiscated by the Cuban government, provides in pertinent part that:

> No U.S. court shall recognize, enforce or otherwise validate any assertion of treaty rights by a designated national or its successor-in-interest under sections 44(b) or (e) of the Trademark Act of 1946 (15 U.S.C. 1126(b) or (e)) for a mark, trade name or commercial name that is the same or substantially similar to a mark, trade name, or commercial name that was used in connection with a business or assets that were confiscated unless the original owner of such mark, trade name, or commercial name, or the bona fide successor-in-interest has expressly consented.

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[8] The only authority cited by Cubaexport for the proposition that HCH held equitable title in the registration is *Goodis v. United Artists Television, Inc.*, 425 F.2d 397 (2d Cir. 1970), a copyright case decided under explicit provisions of the Copyright Act. As such, it has no relevance here. In any event, the publisher plaintiff in *Goodis* — unlike HCH — had a statutory right to assert a copyright in the serialized novel at issue. Here, however, HCH does not stand in the same shoes as that plaintiff because it had no right, statutory or otherwise, to renew the HAVANA CLUB Registration. Accordingly, Cubaexport may not equitably benefit from any action taken by HCH. Cubaexport's reliance on *Cabo Distrib. Co., Inc. v. Brady*, 821 F. Supp. 601 (N.D. Cal. 1999), is similarly misplaced. Unlike the plaintiff in *Cabo,* which was denied due process when the BATF revoked its license, Cubaexport has had every opportunity to be heard concerning its purported ownership of the HAVANA CLUB registration. Despite Judge Scheindlin's express invitation to join the District Court proceedings, Cubaexport did not appear in this case until earlier this year. It cannot now be heard to complain that its due process rights were somehow violated. Finally, *Bull, S.A. v. Comer*, 55 F.3d 678 (D.C. Cir. 1995) is factually distinct from the present case. In *Bull*, the PTO Commissioner was required to equitably toll Bull's renewal deadline because the PTO sent Bull an incorrect renewal certificate. HCH cannot claim receipt of an incorrect renewal certificate. Accordingly, Cubaexport's equitable argument fails on all counts.

Although this Board is not a "U.S. court", it is nonetheless bound by the restrictions of this provision since any judicial review of its decision herein will be to a U.S. court. *See* 15 U.S.C. § 1071. It makes no sense to ignore the statutory inability imposed on HCH to assert its rights in any judicial review by rendering a decision that HCH could not appeal or defend on the merits. [9]

Moreover, since both assignments to HRL and HCH have been voided, the entire interest in the HAVANA CLUB mark remained at all relevant times with Cubaexport, leaving HCH with no basis for claiming an equitable or beneficial interest in the HAVANA CLUB mark or the HAVANA CLUB Registration. *See U.S. v. Eighty-Three Rolex Watches*, 992 F.2d 508, 514 n. 14 (5th Cir. 1993). Only where the entire interest has in fact been transferred could there be any support for the assertion that a successor has a beneficial interest therein. *See id.* Moreover, even if true, Cubaexport's assertion that HCH somehow possessed a beneficial interest in the HAVANA CLUB Registration notwithstanding the District Court's Order lends no support to its position since that interest in itself would also constitute a violation of the Trading with the Enemy Act ("TWEA"). *See Mfrs Trust Co. v. Kennedy*, 291 F.2d 460, 469(2d Cir. 1961) (citing *Cordero v. United States*, 111 F. Supp. 556, 558 (S.D.N.Y. 1953)) (The TWEA is not concerned with only "bare legal title"; "the status of the beneficial owners is crucial" and there may be no recovery "when the persons to be benefited ... are enemies within the [TWEA]").

Indeed, no appeal to equity can be made by HCH or Cubaexport. Cubaexport's failure to file a renewal application was no simple mistake. Cubaexport and HCH were caught red-handed filing an application to OFAC seeking approval of the unlawful transfers which contained material false statements. The consequences of such misstatements to OFAC were

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[9] The applicability of § 211 is illustrated by *Havana Club Holding S.A. v. Jimmy Buffett*, 2003 TTAB LEXIS 129 (T.T.A.B. March 13, 2003) (not citable as precedent).

explicitly set forth in the application itself: retroactive revocation of the license. Those statements were intended to mislead OFAC, and OFAC, upon learning the truth, revoked the application. Cubaexport and HCH were well aware of the embargo and chose to circumvent its prohibitions, under a false pretext, and were found out. For Cubaexport to depict itself and HCH as being unfairly punished for doing nothing more than "justifiably relying" on the actions of OFAC in authorizing licenses that it later rescinded on the basis of HCH's own material misstatements is ludicrous. The void assignment was entered into with full knowledge of the CACR's provisions prior to the filing of the OFAC application. And the OFAC application warned that false statements would lead to its revocation. The application for renewal was part of the scheme to evade the CACR, and HCH's and Cubaexport's only regret is that they were caught violating the law. The Contingent Agreement indicates they still wish to do so.

D. Cubaexport Impermissibly Seeks To Make Ownership Of The HAVANA CLUB Mark Interchangeable Between Itself And HCH

Cubaexport wrongly argues that it has been judicially determined to be the owner of the HAVANA CLUB Registration. *See* Cubaexport Br. at p. 9. As Cubaexport refused to join the HAVANA CLUB Litigation, the District Court declined to decide its rights other than to restore the *status quo ante* as of October 29, 1993, by finding Cubaexport "retained whatever rights it had had in" the HAVANA CLUB Registration (Order ¶ 5). The controlling provision here is Paragraph 10 of the Order in that if Cubaexport chooses to claim rights now, that claim is subject to challenge on the ground that those rights were "lost as a result of acts or omissions by Cubaexport." (Order ¶ 10). Any actions taken to maintain the HAVANA CLUB Registration by HCH should not be regarded as having been taken on behalf of Cubaexport. There is no evidence — and there can be no evidence — that in 1996, at the time the renewal was due, HCH was "authorized" to take any actions "on behalf of" Cubaexport. Cubaexport and HCH are and

have always been two separate and distinct legal entities. Even though the putative assignments of rights to the HAVANA CLUB mark were subsequently deemed *void ab initio*, in 1994 Cubaexport evidenced its clear intent to get out of the rum-making business once and for all by entering into the Convenio with HRL and HCH. The Convenio provides that all of Cubaexport's assets relating to HAVANA CLUB rum were transferred to HRL and then to HCH. These putative assignments left Cubaexport divested of all assets relating to HAVANA CLUB rum, which indisputably worked an abandonment by Cubaexport in that mark for rum.

Notwithstanding their present attempt to somehow transform what transpired, there is nothing to support Cubaexport's assertion that even though Cubaexport and HCH are separate legal entities, the HAVANA CLUB Registration should nonetheless be maintained since HCH "intended" to maintain it and fulfilled the statutory requirement of filing an application for renewal even if that renewal was not filed in the name of the actual owner of the mark.[10] Such a result would run contrary to established trademark law by raising the specter of dual use.

The Lanham Act defines the purpose of a trademark as the identification of a *single*, though perhaps unknown, source of the goods at issue. 15 U.S.C. § 1127. The law of intellectual property does not sanction use of one trademark by two competitors in the same market. 2 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition, § 16:44 (4th ed.). Consumer confusion which would necessarily result from dual use is contrary to the goals of trademark protection. *Bell v. Streetwise Records, Ltd.*, 761 F.2d 67, 76 (1st Cir. 1985) (Breyer, J., concurring) (public interest in trademark served only by determination of which party has exclusive right to use). "[C]ustomer protection policy should prevent operation of an

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[10] Cubaexport further asserts the Board has the authority to vary the clear statutory requirements as to renewals. However, neither the Board (nor the Director) have the power to excuse Cubaexport's failure to file a timely renewal and neither Respondent has cited any controlling authority to the contrary.

agreement that results in multiple, fragmented trademark usage by a plurality of separate persons." 1 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition, § 16:44, at 16-69 (4th ed.) (discussing cases).

In *Durango Herald, Inc. v. Riddle*, 719 F. Supp. 941 (D. Col. 1988), since two former joint venturers could not agree as to which could continue to make use of the mark at issue, the court held that "the appropriate equitable approach" was to enjoin both from further use, which effectively extinguished the mark. *Id.* at 952. As the court noted,

> It is indeed unfortunate that elusive independent resolution of this dispute has forced the court to, in effect, extinguish a valuable asset produced by years of hard work, energy and investment to the parties. The result is necessary, however, to prevent further irreparable injury to the parties and continued consumer confusion.

Id.

Similarly, In *Bell*, Justices Breyer and Coffin, concurring, wrote that two distinct entities could not be permitted to continue separately using the same mark for the same services, since even if that result:

> were fair as between the parties, it is not fair in respect to the public. It creates the very "source" confusion that legal trademark, and tradename, doctrine developed to avoid. When arguing parties are, in a sense, both responsible for the success of a name, a court may find it difficult to decide which, in fact, "owns" the name; the temptation may be great to say "both own it" or try to "divide"' the name among them. The public interest, however, normally requires an exclusive award.

761 F.2d at 76, (citing 1 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition, § 16:14 at 752-43 (1984)).

In *Cass Logistics Inc. v. McKesson Corp.*; 27 U.S.P.Q.2d 1075 (TTAB 1993), the Board categorically rejected an argument closely analogous to that propounded here by Cubaexport. In *Cass Logistics*, the potential opposer identified in the first extension of time to file a notice of opposition was not in fact the party that owned the registration on which the

opposition would be ultimately premised. The opposer argued that the naming of an entity other than the actual mark owner was merely an inadvertent word processing "mistake" made by its attorney that should be rectified by substituting the registrant since it was at all relevant times "intended" that the requisite filing be made in the name of and "on behalf of" the actual opposer, Cass. In further support of its position, opposer asserted that the statutory requirement had been satisfied (i.e., a first request for an extension was filed within 30 days of publication even if it was not made in the correct corporate name) and there was no limitation under the Lanham Act or applicable rules of the Commissioner's discretionary authority (as exercised by the Board) to approve extensions of time containing a "mistake" of this type that was purportedly rectified by subsequent explanation. *Id.* at 1076. The Board rejected the opposer's arguments, finding that its subjective intent to file the first request on behalf of Cass does not excuse the so-called "mistake" where there was no claim that two entities were in privity: "The term 'mistake' does not encompass the recitation of a different existing legal entity that is not in privity with the party that should have been named." *Id.* at 1077.

E. The "Contingent Agreement", Which Is Likely Void Under The CACR, Cannot Undercut the District Court's Final Order

Judge Scheindlin's Order invalidated the assignments of the HAVANA CLUB Registration from Cubaexport to HRL and from HRL to HCH. That Order is final and may not be unappealed. On March 19, 2002, just four days after Bacardi filed its motion for summary judgment, Cubaexport and HCH entered into the Contingent Agreement with the other Cuban joint venture parties purporting to amend the original agreements memorializing the now-voided transfers of the HAVANA CLUB Registration. The Contingent Agreement was not intended to bring the parties' corporate organization into compliance with the CACR, but, instead, likely violates those regulations and simply confirms that the HAVANA CLUB Registration must be

removed from the Register. Accordingly, Cubaexport and HCH may not alter by private agreement what Judge Scheindlin's Order holds – that HCH does not own and never has owned any rights or interests in the HAVANA CLUB mark. Thus, the HAVANA CLUB Registration must be expunged from the Register. The Board lacks the power to do otherwise.

III. CONCLUSION

Based on the foregoing, Bacardi's motion for summary judgment should be granted and the HAVANA CLUB Registration should be expunged from the records of the PTO.

Date: June 16, 2003

Respectfully submitted,

KELLEY DRYE & WARREN LLP

By: _____

William R. Golden, Jr.
Margaret Ferguson
Michelle M. Graham
Attorneys for Petitioners Galleon S.A., Bacardi-Martini U.S.A., Inc. and Bacardi & Company Limited

CERTIFICATE OF MAILING

EXPRESS MAIL LABEL NO.: ET534721836US

DATE OF DEPOSIT: June 16, 2003

The undersigned hereby certifies that on June 16, 2003 a copy of the foregoing PETITIONERS' BRIEF IN REPLY TO RESPONDENTS CUBAEXPORT'S AND HAVANA CLUB HOLDING, S.A.'S BRIEFS IN OPPOSITION TO PETITIONERS' MOTION FOR SUMMARY JUDGMENT is being deposited with the United States Postal Service "Express Mail Post Office to Addressee" service under 37 C.F.R. 1.10 on the date indicated above and is addressed to Commissioner for Trademarks, 2900 Crystal Drive, Arlington, Virginia 22202-3514.

Lindsay Moneck

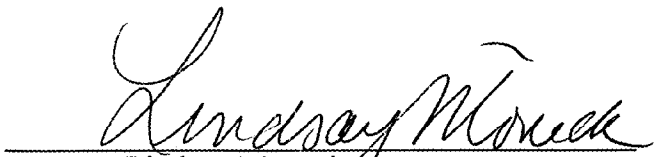
CERTIFICATE OF SERVICE

I hereby certify that on June 16, 2003, I caused a copy of PETITIONERS' BRIEF IN REPLY TO RESPONDENTS CUBAEXPORT'S AND HAVANA CLUB HOLDING, S.A.'S BRIEFS IN OPPOSITION TO PETITIONERS' MOTION FOR SUMMARY JUDGMENT to be served on:

(A) Charles S. Sims, Esq. of Proskauer Rose LLP, counsel for respondent Havana Club Holding, S.A., by causing a true and correct copy thereof to be delivered by First Class Mail addressed to the aforesaid attorney at 1585 Broadway, New York, New York 10036, the address designated by said attorney for that purpose; and

(B) Herbert F. Schwartz, Esq. of Fish & Neave, counsel for respondent Empresa Cubana Exportadora de Alimentos y Productos Varios, S.A. by causing a true and correct copy thereof to be delivered by First Class Mail addressed to the aforesaid attorney at 1251 Avenue of the Americas, New York, New York 10020, the address designated by said attorney for that purpose.

Dated: June 16, 2003



Lindsay Moneck

KELLEY DRYE & WARREN LLP
A LIMITED LIABILITY PARTNERSHIP
101 PARK AVENUE
NEW YORK, NEW YORK 10178
(212) 808-7800

WASHINGTON, DC
TYSONS CORNER, VA
CHICAGO, IL
STAMFORD, CT
PARSIPPANY, NJ

BRUSSELS, BELGIUM
HONG KONG

AFFILIATE OFFICES
BANGKOK, THAILAND
JAKARTA, INDONESIA
MUMBAI, INDIA
TOKYO, JAPAN

FACSIMILE
(212) 808-7897
www.kelleydrye.com

WRITER'S DIRECT LINE
(212) 808-5127

WRITER'S E-MAIL
Mgraham@kelleydrye.com

June 16, 2003

VIA EXPRESS MAIL

Commissioner for Trademarks
2900 Crystal Drive
Arlington, Virginia 22202-3514

Re: Galleon, S.A. et al. v. Havana Club Holding, S.A., et al.,
Cancellation No. 24,108

Dear Sir or Madam:

In connection with the above-captioned cancellation proceeding, we enclose PETITIONERS' BRIEF IN REPLY TO RESPONDENTS CUBAEXPORT'S AND HAVANA CLUB HOLDING, S.A.'S BRIEFS IN OPPOSITION TO PETITIONERS' MOTION FOR SUMMARY JUDGMENT.

Kindly acknowledge receipt of same by stamping and returning the enclosed self-addressed postcard.

Sincerely,

Michelle M. Graham

Enclosures

NY01/GRAHM/842958.1